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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/29/07

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 28

NIHON KEIZAI (Page 2) (Full)
June 29, 2007

10:18:

Met at Kantei with Finance Minister Omi.

13:04:

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Met with Chief Cabinet Secretary Shiozaki.

13:45:

Met at LDP headquarters with Policy Research Council Chairman Nakagawa.

15:34:

Met with LDP Election Bureau chief Yatsu.

15:57:

Met at Kantei with Land, Infrastructure and Transport Minister Fuyushiba.

17:21:

Visited the residence of late Miyazawa to pay his respects to the ex-premier.

18:02:

Met at Kantei with Deputy Chief Cabinet Secretary Matoba.

18:51:

Returned to his official residence.

- 4) Poll: Cabinet support up slightly to 34 percent; 24 percent to vote for DPJ, 22 percent for LDP

YOMIURI (Page 2) (Full)
June 29, 2007

The Yomiuri Shimbun conducted its second telephone-based serial public opinion survey on June 26-28. The rate of public support for Prime Minister Abe and his cabinet was 34.4 percent, with the nonsupport rate at 51.8 percent. The support rate marked a slight increase of 1.5 percentage points from the last survey conducted June 5-7, and the nonsupport rate showed a slight decrease of 1.9 points.

In the breakdown of support for the Abe cabinet, male support accounted for 37 percent, with female support at 33 percent. In the last survey, female support was higher than male support. This time around, however, male support topped female support. Support decreased in the brackets of those in their 20s to 40s but increased among those over the age of 50. Among those in their 60s, support was up 8 points. In the breakdown of supporters for political parties as well, the Abe cabinet's support rate posted a slight increase among those who support the ruling Liberal Democratic Party. Among those who support New Komeito, the LDP's coalition partner, the support rate rose nearly 20 points. As seen from these findings, the Abe cabinet's support rate seems to have stopped falling.

Respondents were also asked which political party they would like to vote for in the July 29 election for the House of Councillors. In response to this question, 24 percent picked the leading opposition Democratic Party of Japan (Minshuto), with 22 percent choosing the LDP. In the last survey, the LDP was slightly above the DPJ. In the breakdown of public support for political parties, however, the LDP stood at 31.5 percent, down 1.6 points, and the DPJ at 19.9 percent, also down 2.6 percent. The proportion of those with no particular

party affiliation reached 34.8 percent, up 4.2 points.

In the survey this time, respondents were further asked to pick one or more policies or issues they would like to view as important. To this question, "pensions" scored 67 percent, topping all other issues as in the last survey. Among other answers, "education," third in the last survey, was in second place with 41 percent. "Politics and money" was in third place with 40 percent.

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Abe has now put off the House of Councillors election for a week and extended the current Diet session. Asked about this, a total of 61 percent gave negative answers, with a total of 27 percent affirmative. Meanwhile, a total of 65 percent were negative about the government's response to its pension record-keeping flaws, with a total of 27 percent affirmative. Respondents were further asked if they thought the government's plan would resolve the pension problem. In response, 67 percent answered "no," with 26 percent saying "yes." The figures denote the public's deep-rooted distrust.

5) Upper House committee forces through vote on SIA reform and pension bills; National civil service revision bill to be sent plenary session skipping committee vote

ASAHI (Page 1) (Full)
June 29, 2007

A set of bills related to reform of the Social Insurance Agency and a bill to remove the five-year statute of limitations on pension claims (to cover unpaid pension benefits in full) were adopted yesterday by a majority of the ruling parties at the House of Councillors Committee on the Health, Labor and Welfare. Despite resistance from opposition parties, including Minshuto (Democratic Party of Japan), the ruling coalition rammed the vote through committee. Strongly reacting against the ruling camp's tactics, the opposition bloc intends to submit a no-confidence motion against the cabinet. The ruling coalition, meanwhile, plans to send a bill amending the National Civil Service Law to a plenary session, bypassing a committee vote. A fierce battle between the ruling and opposition camps will reach a climax at the final stage of the regular session of the Diet.

The Upper House committee ended the question-and-answer session regarding the SIA reform related bills before 7:00 p.m. yesterday. Committee Chairman Yosuke Tsuruho, a member of the ruling Liberal Democratic Party (LDP), then proposed putting the legislation to a vote. He took a vote then, while surrounded by opposition lawmakers vocally opposing the vote-taking.

A bill amending the Political Funds Control Law to require lawmakers' political fund management organizations to attach receipts to their funding reports for every item costing 50,000 yen or more was approved by a majority of the ruling parties in a session yesterday of the Upper House Special Committee on Establishment of Political Ethics and Election System. The ruling parties plan to adopt the measure at a plenary session today along with the bills related to reform of the SIA.

The Upper House Committee on the Cabinet yesterday spent six hours for deliberations on the bill amending the National Civil Service Law. After the session, the ruling camp proposed taking a vote on the bill, but Committee Chairman Seiji Fujiwara, a Minshuto member, did not accept the ruling camp's proposal. The session, therefore, was dismissed. The committee has now spent 29 hours for the deliberations on the measure, an hour short of the ruling coalition's goal of 30-hour-debate. LDP Upper House Diet Affairs Committee Chairman Tetsuro Yano conveyed to his Minshuto counterpart Akira Gunji his intention to put the legislation to a vote at a plenary session today, skipping a committee vote.

The opposition intends to do their best to prevent the bill from being passed, even sitting up all night. They plan to submit

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no-confidence motions against Health, Labor and Welfare Minister Hakuo Yanagisawa and against Tsuruho to the Upper House and a no-confidence motion against the cabinet to the Lower House. Chances are that the fierce battle will continue until the early morning of June 30.

6) Extended Diet session seems likely to end late this week, before July 5, amid calls for early start of preparations for Upper House election

TOKYO SHIMBUN (Page 2) (Abridged)
June 29, 2007

Shoichi Takayama, Katsumi Sekiguchi

The current Diet session, which was extended until July 5, is unlikely to last until that day, as the ruling coalition appears to be rushing all key bills through the Diet by the end of this week, despite protests from the opposition parties. Because of the extension of the Diet session, the Upper House election was delayed for one week, but the Diet session seems likely to come to an end in effect before July 5. Why?

The ruling coalition's initial plan was to pass the bills related to reform of the Social Insurance Agency (SIA) and a bill lifting the statute of limitations on pension claims into law on June 29 and a bill revising the National Civil Service Law into law on July 4.

However, the ruling bloc turned around this line to "boldly" introduce the bill revising the National Civil Service Law in a full session of the Lower House without taking a vote on the bill at a committee in a bid to get the bill enacted into law today. In spite of objections from the ruling bloc, these bills are expected to be passed into law possibly early tomorrow.

Behind this move is the mood of lawmakers wanting to devote all their energies to election campaigning for the Upper House as quickly as possible. For those lawmakers, "It's better to rush the key bills through the Diet," a senior Upper House member of the ruling Liberal Democratic Party (LDP) said.

If the bills were to be put to the vote the day before the Diet session ended, the opposition parties would think they would be able to drive the ruling bloc into killing the bills. The ruling parties apparently do not want to see this sort of situation arise.

In addition, the ruling coalition is concerned about the opposition parties' strategy of shedding light on the ruling bloc's "highhandedness relying on the strength of numbers." It is thus no wonder that the ruling bloc would think it is wise to take a vote on particularly the bill amending the National Civil Service Law, which is critically called "a bill promoting amakudari (practice of retired bureaucrats getting jobs in the private sector)," together with other bills, including the bill intended to reform the SIA.

The opposition parties are fiercely protesting against the way the ruling coalition is running the Diet session, but they, too, want to end deliberations on the bills by the end of the week.

Lawmakers of the opposition bloc also want to devote their energies to election campaign as quickly as possible.

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The opposition parties intend to focus on the missing pension records in their election campaign with a senior member in charge of Diet policy of the opposition Democratic Party of Japan (Minshuto) saying: "Using the pension issue as our grounds, we want to submit a no-confidence motion against the cabinet at the end of the Diet session and appeal to the public about our stance against the government in the Upper House election." In short, the opposition bloc has calculated that it will be able to successfully make a strong appeal to the public if the Diet session ended after deliberations on the pension reform bill ended, instead of continuing deliberations on the bill revising the National Civil

Service Law after a no-confidence motion is rejected.

7) Fujimori announces his candidacy for Upper House election

SANKEI (Page 2) (Excerpts)
June 29, 2007

Michiya (?) Matsuo, Los Angeles

Former Peruvian President Alberto Fujimori, currently under house arrest in Chile, formally announced on June 27 that he would run in Japan's House of Councillors election on the People's New Party ticket. Fujimori's decision, coming at a time when the Chilean Supreme Court is examining whether he should be extradited to Peru, came as a surprise.

In announcing his candidacy, Fujimori said: "I'd like to use my experience for the benefit of Japan, where my parents are from. I will tackle Asian affairs and the North Korean issue."

Fujimori also indicated that he would stay in Chile until the court examination is over without considering going back to Japan for the time being.

In November 2005, the former Peruvian president entered Chile after spending years in exile in Japan. The Peruvian government is seeking his extradition, on the grounds that he was involved in murder and corruption during his 10-year tenure as president from 1990.

Under Japan's Public Offices Election Law, it is possible for a person to run in a Japanese election while under house arrest in a foreign country. Fujimori, a citizen of both Japan and Peru, has Japanese suffrage.

It would be unprecedented for a former foreign head of state to run in a Japanese national election. Being under house arrest, it would be effectively impossible for Fujimori to conduct election campaign in Japan, and even if he were elected, he would not be able to attend Diet sessions or carry out political activities in Japan. Some Japanese lawmakers have begun speculating about his motive.

PNP deputy head Shizuka Kamei, in a press conference at party headquarters yesterday, made a telephone call to Fujimori which went as follows:

Kamei: "Hello, please tell everybody about your resolve."

Fujimori: "I am going to run in the race to tackle Asian affairs and for the security of Japan. I am going to work hard for the people of Japan."

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Fujimori's candidacy can said to be the last resort for the PNP, which is struggling to win national recognition. Kamei, who had sent his secretary to Chile to live in Fujimori's home for two weeks to convince him to run in the race, said smilingly: "I would like to see him inject vitality into Japanese society as the last samurai."

There has been talk since this spring that Fujimori would run in the race. Some say that the PNP asked Fujimori to run and others say that he sold himself. Minshuto (Democratic Party of Japan) Secretary General Yukio Hatoyama said: "Mr. Fujimori asked us to back him, but we declined it."

The PNP planned to field Fujimori for the Tokyo electoral district, but the former president, who was secretly studying Japan's situation, insisted on running in the proportional representation segment, according to sources.

Under the Citizenship Law, anyone with a parent born in Japan can have Japanese nationality. Fujimori's family register is in Kumamoto City, and he has a Japanese passport. So he has no legal problem in entering Japan. But chances are slim for the Chilean government to remove Fujimori from house arrest to allow him to conduct election campaign in Japan. Given the situation, his campaign would be

confined to roadside speeches and disseminating flyers by PNP members on his behalf.

Kamei said: "When Mr. Fujimori applies the Chilean government for his departure from the country, I would like to see the Japanese government assist him." In the meantime, Chief Cabinet Secretary Yasuhisa Shiozaki simply said: "We will watch the Chilean court examination." Fujimori's candidacy might escalate into a diplomatic issue. Because Fujimori has Japanese suffrage, the government is required to protect it. "I hope Fujimori's candidacy will not make things complicated," a government source noted.

8) Aso, LDP factions reject pessimistic views about fate of Upper House election

YOMIURI (Page 4) (Full)
June 29, 2007

In meetings of factions in the Liberal Democratic Party yesterday, participants presented one view after another denying pessimistic views coming from inside and outside the party about the fate of the upcoming House of Councillors election.

Foreign Minister Aso stressed in a meeting of the Aso faction: "Predicting the outcome of the election is what is done by prophets. We will support our candidates based on the circumstance of each constituency. This is the proper way."

Election Bureau Director General Yoshio Tanizu said in a meeting of the Ibuki faction: "The harsh situation for the LDP has begun to improve. In the poll the LDP has conducted every weekend, as well, (support rates for LDP-endorsed candidates in the Upper House election) have been on the rise after hitting a record low in the survey on June 9-10."

It is unprecedented for an official responsible for the party's election campaign to disclose even part of the results of its own poll. Observers see Tanizu's reference stemmed from a desire to dispel the depressed mood sweeping across the party now waging an

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uphill campaign.

Nobutaka Machimura, chairman of the Machimura faction, also said: "It is utter nonsense to already predict the outcome of the election."

9) LDP attains 34 percent of campaign pledges for Lower House election in 2005

YOMIURI (Page 4) (Full)
June 29, 2007

The Liberal Democratic Party released a report evaluating progress in attainment of its campaign pledges (manifesto) for the House of Representatives election in 2005. The manifesto included 120 policy measures. According to the report, the party has already carried out 41 (34.2 percent) of all items, including the privatization of postal services. In the run-up to the Upper House election, the LDP aims to underscore its achievements by releasing the report.

The report classified the 120 policy items into 41 already implemented, 78 under way, and one kept intact.

Among the items already implemented, the party included "the full-fledged start of preparation for a new constitution," with the enactment in the current Diet session of the Referendum Law providing for procedures for revising the Constitution. "Decisive action for reforming the Social Insurance Agency" was included among the items under way.

The one item categorized as kept intact is "promotion of sound growth of children." The LDP intends to expedite discussion, with the aim of swiftly enacting legislation for sound growth of children.

10) Ogata arrested on suspicion of fraud in connection with Chongryon sale deal; To be questioned over accepting 130 million yen as well

TOKYO SHIMBUN (Top play) (Excerpts)
June 29, 2007

The Tokyo District Public Prosecutors Office's special investigation squad arrested yesterday three individuals, including former Public Security Intelligence Agency Director-General Shigetake Ogata, 73, and former real estate company president Tadao Mitsui 73, on suspicion of fraud in connection with an aborted purchase of the head office of the pro-Pyongyang General Association of Korean Residents in Japan (Chongryon). It has also become clear that Ogata had received 130 million yen from Mitsui. Prosecutors are also expected to grill Ogata and Mitsui on suspicion of swindling Chongryon of a large sum of money.

In addition to the post of PSIA director-general, Ogata served as head of the high public prosecutors offices in Sendai and Hiroshima. The Chongryon case has escalated into the arrest of a former PSIA director-general.

Also arrested is Koji Kawase, 42, a former trust bank employee and Mitsui's acquaintance.

According to the investigation, Mitsui, who was asked by Chongryon

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to look for a prospective buyer of its head office, asked in early April for the cooperation of Ogata, who was on friendly terms with Mitsui.

Mitsui later introduced Ogata to Chongryon Vice Chairman Ho Jong Man, 76, and Koken Tsuchiya, 84, a lawyer for Chongryon and a former president of the Japan Federation of Bar Associations. Ogata and others consequently established the investment fund Harvest in Meguro Ward and explained Chongryon that the company would purchase the property for 3.5 billion yen by soliciting funds from an aviation venture company president and others.

11) More than half of NEETs were bullied at school, according to survey

YOMIURI (Page 37) (Full)
June 29, 2007

One out of three young people who are not currently engaged in employment, education or training, the so-called NEETs, was a truant or a dropout, and more than half of them had faced bullying at school, according to survey results released yesterday by the Ministry of Health, Labor and Welfare. This was the first survey on NEETs by the ministry. It was also revealed that they tend to quit jobs in a short period time due to an awareness of having difficulty in associating with others.

The survey was conducted from January last year through this March, targeting about 830 young people who visited job-assistance agencies intended for NEETs.

According to the survey, those who left senior high school, university, or technical school before graduating accounted for 31.7 percent, and those who experienced truancy came to 37.1 percent. In addition, 55 percent of respondents said they had been bullied at school. The survey result shows that they had suffered a reversal in school life. To questions to find out why they began to be reluctant to be employed, 64.6 percent picked "difficulty in making a friend;" and 64.4 percent selected "difficulty in speaking with others." Those who once worked for more than one month accounted for 79 percent, but more than 60 percent of them engaged in part-time jobs.

12) SDF payroll review eyed

SANKEI (Page 5) (Full)
June 29, 2007

The Defense Ministry yesterday held a meeting of its in-house panel to reform Japan's defense capabilities on the side of manpower, with Defense Minister Fumio Kyuma presiding. In the meeting, the panel worked out a report for a review of the Self-Defense Forces' personnel and payroll systems. The report, factoring in the nation's declining birth rate and the SDF's diversified and international activities, is aimed at securing and nurturing human resources. It features creating new ranks, such as sergeant major, and rescaling pay for SDF personnel. The Defense Ministry plans to translate these plans into action, starting in fiscal 2010. The SDF currently has only one pay scale for its personnel. They rise in rank, but their pay increase is said to be low. The SDF's pay will be rescaled for three categories-top brass (in the ranks of general and admiral), cadre, and the rank and file. Each pay scale will have widened wage

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differentials between ranks. This is intended to encourage SDF personnel to rise in rank and heighten their morale.

13) Japan urges Iran to stop uranium-enrichment program

ASAHI (Page 4) (Full)
June 29, 2009

Japan and Iran held yesterday in Tokyo a meeting of their deputy foreign ministers. In the session, Japan's Deputy Foreign Minister Mitoji Yabunaka called on his Iranian counterpart Mehdi Safari to suspend his country's uranium-enrichment program, saying, "Depending on your country's response to the nuclear issue, there is a possibility that it would be difficult for Japan to offer economic cooperation to your country."

According to Japanese Foreign Ministry source, Iranian Deputy Foreign Minister Safari told Yabunaka:

"We have no choice but think about the use of nuclear power development to deal with a rapid increase in our population. Japan's applying pressure is a double standard. The international community does not treat Iran fairly."

Safari also said: "Iran has not supported North Korea's missile development."

14) China criticizes Japan in connection with US "comfort women" resolution

ASAHI (Page 4) (Full)
June 29, 2007

Kenji Minemura, Beijing

Referring to the passage of a resolution on the wartime "comfort women" resolution by the US House Committee on Foreign Affairs at a press briefing yesterday, the Chinese Foreign Ministry's Deputy Spokesperson Qin Gang noted: "The Japanese government should assume a responsible attitude for history."

Qin stressed that the issue of comfort women is a serious crime committed by Japan during World War II, and stated: "The Japanese government should listen to the fair views of the international community." The state-run news agency, Xinhua News Agency in its commentary dated June 27 said: "International criticism of Japan's response is building. As a result, (Japan) has met with protests even from legislators of the United States, an ally of Japan."

15) Lawmaker Ogata in Diet special committee asks government to clearly apologize for the "comfort women" issue

AKAHATA (Page 4) (Excerpt)
June 29, 2007

Lawmaker Yasuo Ogata of the Japanese Communist Party in the Upper House special committee on the abduction issue yesterday brought up the US House of Representatives resolution on the comfort-women issue which has just passed committee. He called on the Japanese

government to apologize clearly. The resolution seeks a formal apology from the Japanese government, but the Japanese government takes the position that "we have received the understanding of the

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US government," by the fact that Prime Minister Shinzo Abe during his April visit to the US stated, "I am sorry." However, after the prime minister returned from the US, he stated, "I never apologized while in the US."

Ogata pursued the prime minister about whether he had or had not "apologized." Chief Cabinet Secretary Shiozaki clearly stated that no apology had been made, saying, "How the words are taken will vary from person to person. The prime minister's words were neither one nor the other."

16) Japan, Russia share the perception about importance of early implementation of initial-phase action by DPRK

ASAHI (Page 4) (Full)
June 29, 2007

Russian Vice Foreign Minister Losykov, the chief representative to the six-party talks on North Korea's nuclear issue, arrived in Japan yesterday, and met with Kenichiro Sasae, director-general of the Asian and Oceanian Affairs Bureau of the Foreign Ministry. The two officials shared the same view that North Korea must implement the initial-phase steps as quickly as possible.

After the session, Losykov, referring to US Assistant Secretary of State Christopher Hill's recent indication that he wanted to pursue four-way talks of the six-party member countries, excluding Japan and Russia, to create a permanent peace mechanism on the Korean Peninsula, noted: "We should not be jealous about that. If the talks were started among the four, the results would be shared by the six. It's no big deal."

17) US beef: Japan asks US to provide additional data

NIKKEI (Page 5) (Full)
June 29, 2007

The governments of Japan and the US held on June 27 and 28 the first round of working-level talks to discuss a possible easing of import conditions set on US beef. The US side explained its feed regulations and the state of BSE infection inspections. The Japanese side asked the US to provide additional data, including the number of cattle that underwent sample inspections.

18) Procedures for exports to FTA partners to be simplified, METI to enable companies to issue certificates of origin for reduced administrative burden with aim of promoting use of FTAs

NIKKEI (Page 5) (Excerpts)
June 29, 2007

The Ministry of Economy, Trade and Industry (METI) has decided to make procedures for the application of preferential tariffs on goods Japan exports to its free trade agreement (FTA) partners easier, possibly starting in 2008. As part of such a policy, it will empower exporting companies as well as the chamber of commerce and industry located in each prefecture to issue documents that certify that goods to be exported were domestically produced or manufactured. The aim is to encourage companies to use FTAs through reduced administrative burden on exporting companies.

METI intends to set up a government-private sector consultative

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council to work out the details of a revision of the system. It hopes to introduce, based on discussions by the panel, a bill amending the certificate of origin law to a regular Diet session next year at the earliest.

This certificate is called a special certificate of origin to certify that goods in question were produced or manufactured in Japan. It is used when companies apply for preferential tariff rates as stipulated under FTAs.

Under an envisaged system, a self-certification system, under which companies certify the country of origin, in addition to the third-party certification system, under which chambers of commerce and industry issues certificates, will be established.

The self-certification system will not require procedures of going through chambers of commerce and industry. Basic fees of 2,000 yen paid for each application will also become unnecessary.

Companies that use the self-certification system will be obligated to keep papers related to the certificates for a certain set period and promptly answer inquiries made by overseas importers.

SCHIEFFER